

Universal Product Number Pilot for Medical Supply Billing

The following notice is in preparation for future changes related to medical supply billing. Please continue to bill for medical supplies according to existing policies until further notice.

The Health Insurance Portability and Accountability Act (HIPAA) mandates the use of HCPCS Level II codes on electronic claims. As a result, the California Department of Health Services (CDHS) plans to discontinue all interim medical supply codes and convert to HCPCS Level II codes. Due to the generic nature of the HCPCS Level II codes, CDHS will continue to require attachments on a majority of these claims since the additional information is necessary for claims pricing and payment. This change is anticipated for dates of service on or after January 1, 2008.

Concurrently with the adoption of HCPCS Level II codes, CDHS will begin a two-year pilot that will give providers the ability to bill using the Universal Product Number (UPN), or bar code. The UPN is a unique product identifier that allows CDHS to process medical supply claims without claim attachments. This allows for more efficient and timely claims payment.

The pilot program, an exception to the HIPAA standards, was granted by the Centers for Medicare and Medicaid Services. The pilot program allows participating providers to submit the UPN on electronic and paper claims for the following four product categories:

1. Urinary catheters and bags
2. Incontinence supplies
3. Ostomy care products
4. Wound care products

CDHS will seek volunteers to participate in the UPN pilot. When billing through the pilot program for products in the four categories, some of the advantages include:

- On-line real-time claims processing, which allows for immediate claim status notification
- No requirement to submit claim attachments
- Improved speed and accuracy of claim payments

Providers who elect not to participate in the UPN pilot will bill HCPCS Level II codes on all medical supply claims. The majority of these claims will continue to require attachments, and on-line real time claims processing will not be available.

CDHS will conduct a survey beginning in July 2006 to assess the level of provider interest in the UPN pilot. Additional details about the pilot and information about responding to the survey will be on the Medi-Cal Web site and in future *Medi-Cal Updates*.

Public Comment Forum Extended Until Further Notice

Providers can e-mail questions and comments regarding the UPN pilot and medical supply HIPAA compliance efforts to CDHS through the Medi-Cal Public Comment Forum. The "Medi-Cal Comment Forum" page is located in the "HIPAA Update" area of the Medi-Cal Web site (www.medi-cal.ca.gov). Providers should click the "HIPAA" link on the home page and then the "Medi-Cal Comment Forum" link. The forum has been extended past the closing date of July 31, 2006 and **will remain open until further notice**. Please note there will be no direct acknowledgement to questions and comments received through the Medi-Cal Comment Forum. However, responses to questions and comments that are relevant to the Medi-Cal community will be summarized into an FAQ and posted on the Medi-Cal Web site this summer.

Comment Instructions

Providers can e-mail questions and comments regarding the UPN pilot and medical supply HIPAA compliance efforts to CDHS through the Medi-Cal Public Comment Forum. The Medi-Cal Comment Forum page includes links for e-mail comments by "Providers" or "General Public."

The "Medi-Cal Comment Forum" page is located in the "HIPAA Update" area of the Medi-Cal Web site (www.medi-cal.ca.gov). Providers should click the "HIPAA" link on the home page and then the "Medi-Cal Comment Forum" link, enter comments in the body of the e-mail and send it to the pre-formatted address in the "To:" line.

Note: E-mail is not confidential, so users should be cautious when entering confidential or sensitive information. E-mail addresses will not be shared with outside parties, but may be used for future CDHS mailings.

Comments may also be submitted by mail or fax to:

Medi-Cal Comment Forum
P.O. Box 13811 Sacramento, CA 95853
Fax: (916) 638-8976

Again, all written comments to CDHS, including e-mail, mail or fax transmissions, must include the author's name, organization or affiliation and telephone number.